

FROM : DONALD W SCHWENDIMANN ATTORNEY PHONE NO. : 931 796 5692

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IN THE CHANCERY COURT OF LEWIS COUNTY, TENNESSEE  
AT HOHENWALD

IN RE: SENTINEL TRUST COMPANY )

DOCKET NO. 4781

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**OBJECTION TO MOTION FOR APPROVAL TO CLASSIFY CLAIM OF  
ESTATE OF JOHN W. DRERUP, SR. AS CLASS 6 OR AS FINAL**

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Comes now Sentinel Trust Company, by and through Danny N. Bates, its principal stockholder and director, and the other members of the Board of Directors of Sentinel Trust Company, and objects to approval of the referenced motion to be heard on Monday, January 22, 2007.

1. The Executors of the John W. Drerup, Sr. Estate submitted a late-filed Proof of Claim in the amount of \$26,412.50 in connection with the decedent's ownership of a \$25,000.00 Series 1996 bond due March 1, 2001, bearing interest at the annual rate of 5.65%, issued by and an obligation of the Upper Cumberland Gas Utility District of Cumberland County, Tennessee (the "Municipality"). Sentinel Trust Company was the initial bond registrar and paying agent for the Municipality, which defaulted in making payments on its Series 1996 bonds on and after September 1, 2000.
2. The letter accompanying the Proof of Claim indicated that the default of the Municipality's bonds was due to the default of Sentinel Trust Company. The record should be clear that the default by the Upper Cumberland Gas Utility District on its bonds in 2000 was its responsibility and not that of its bond registrar and paying agent. The seizure of Sentinel

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Trust Company in May, 2004 had no connection with the bond default four years previously by the Municipality.

3. As bond registrar and paying agent, Sentinel had no duty or authority to make payments on behalf of the Municipality except from funds provided by the Municipality. No such funds were made available for any bond payments after March, 2000 until February, 2004, when the amount of \$155,805.00 was provided by the Municipality to pay the interest past due since September 1, 2000 to be paid to its bondholders of record in March, 2004. The Municipality did not provide funds to Sentinel to pay any of its bond principal or bond interest due on and after March 1, 2001. If the now deceased bondholder had failed to collect, in March, 2004, the belated September 1, 2000 interest of \$706.25, the Executors would appear to have a valid claim against Sentinel for that amount only. In that circumstance, there should be a "Vault Check" in his name and in that amount in the Receiver's possession and the Executors' claim for interest on the amount of \$706.25 should be granted. If no such Vault Check exists, Sentinel's records could be further examined to ascertain that the check issued in March, 2004 to the now deceased bondholder had been paid. If the check has been paid, the Executors' claim for the September, 2000 interest payment should be denied since there would remain no basis for making claim against Sentinel.
4. Since the Municipality had remitted no funds to pay principal and interest on its Series 1996 bonds beyond the funds provided in February, 2004 to meet the September, 2000 interest payment, Sentinel Trust Company was not and is not liable for the payment of bond principal owed by the

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Municipality or any interest except that paid in March, 2004, and the Executors should be directed to lodge claims for defaulted bond principal and interest with the bond issuer, which is the Upper Cumberland Gas Utility District of Cumberland County, Tennessee, and the successor bond registrar and paying agent named by the Receiver. Until the Series 1996 bond in question has been paid by the Municipality, interest would presumably continue to accrue until the principal of the bond has been paid and the Executors should make claim for interest due on and after March, 2001.

5. According to the 2005 Annual Report of the Tennessee Utility Management Review Board, that district was still under the jurisdiction of said Board, probably due to its continuing default status. Other information on the Series 1996 bond issue is available at the website *Dpcdata.com*, as attached hereto as Exhibit "A."
6. The Executors of Mr. Drerup's estate should be encouraged to contact the Municipality directly (it has a website), the County Mayor of Cumberland County, and/or the Utility Management Review Board to establish claim for principal and interest on the Series 1996 bond owned by the estate. The Executors should be made aware that their remedies and claim does not belong to Sentinel's receivership. Approval of the Motion might distract the Executors from pursuing their claims against the bond issuer and any successor bond registrar and paying agent by misleading them with the red herring that Sentinel was obligated to pay.

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WHEREFORE, these parties OBJECT to the grant of the such motion.

Respectfully submitted,



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#### CERTIFICATE OF SERVICE

I, the undersigned, do hereby certify that I have **faxed and mailed** copies of the foregoing by depositing said copies in the U.S. Mails, postage prepaid, this 15th day of January, 2007, to:

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I, the undersigned, do hereby certify that I have **mailed** copies of the foregoing by depositing said copies in the U.S. Mails, postage prepaid, this 15th day of January, 2007, to:

Honorable Jerry Scott  
c/o Senior Judge Program  
119 North Maple Street  
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